

# Sheila Klinker

Indiana State Representative, District 27

## New legislation

Rep. Klinker has successful session

Several pieces of legislation which I authored or sponsored during this year's short session recently became law.

House Bill 1355 authorizes Purdue University to issue and sell bonds for the West Lafayette campus for military nano-technologies and life sciences.

The Museums At Prophetstown will receive a portion of the Tippecanoe County Tourism Occupancy Tax (innkeepers tax) as a result of an amendment to House Bill 1196. Its share will be \$5 of every \$100 of innkeepers tax collected. Others benefitting from the tax are Prophetstown State Park, Greater Lafayette Convention and Visitors Bureau and the Greater Lafayette Development Corporation.

Senate Bill 175 contains language that I was asked to author by the Lafayette School Corporation Superintendent following a successful referendum. This legislation helps to shift money among various funds in order to restore cuts and maintain important programs without impacting your taxes.

Senate Bill 462 will aid the Lafayette Caterpillar plant by establishing a high impact business commission. It allows the commission to designate one business as a high impact business and grant a property tax credit for the business's inventory for 10 years with a guarantee of spending at least \$50 million and guaranteeing a certain number of jobs.

Senate Bill 318 makes several changes to laws concerning enterprise zones and their redevelopment.

Senate Bill 109 requires the Rehabilitation Services Bureau of the Division of Disability, Aging and Rehabilitative Services to contract with entities or providers that are accredited by reputable organizations.

## Special session ends with success

New plan to cut property taxes, attract business to state



Summer, 2002

Dear Friends:

In the final days of the recent special session, members of the General Assembly passed a bipartisan program that will significantly impact the lives

of most people in this state.

This plan, contained in House Bill 1001, provides answers to several serious questions facing Indiana. It **protects property owners** from the impact of the court-ordered reassessment. It provides **funding to help support critical state programs** and services. Also, it **restructures our state's tax code** to provide more economic incentives to help create more jobs for Hoosiers. (See the back of this card for more detail.)

The most significant part of House Bill 1001 is the relief it will provide for home, farm and business owners from the court-ordered

property reassessment. For homeowners, most of this relief will come through shifting 60 percent of school operating costs to the state, implementing a standard deduction of \$35,000, on all homes and increasing the homestead credit to 20 percent. These changes will help reduce residential property tax rates by double digits.

We also provide **help to working families** on lower incomes by increasing the earned income tax credit. Renters will receive an increase in the deduction they can take on their state income tax returns.

House Bill 1001 makes significant

strides in changing our state's tax code to encourage economic development. We will **eliminate Indiana's corporate gross income tax** on January 1, 2003, and phase out the inventory tax over the next five years. Business leaders consider these changes crucial to expand current businesses and entice companies to locate here and create jobs.

Finally, we make several **changes in the state's gaming industry that can help Indian remain competitive** with surrounding states. Riverboat operators will be given the option of allowing continuous access to casinos, a process commonly known as dockside gaming. This bill creates a **revenue sharing plan** that will provide all Indiana counties with a portion of the proceeds generated by the riverboats.

There are tax increases included in this legislation, including cigarette tax (starting July 1 2002), sales tax (December 1, 2002) and a three-cent gas tax increase (January 1, 2003). These taxes are designed to provide funding assistance in critical areas, such as property tax reduction.

As a member of the House Budget Committee, I thought we should have concluded our business during the regular session. Since this was not the case, I felt a personal obligation to give back my salary from the special session. That is why I donated my entire stipend of \$2,016.00 to the United Way of Tippecanoe County. I am repeating my actions from the 1993 special session.

Sincerely,

Sheila

### Property tax reform

- Increases Homeowners Exemption from \$6,000 to \$35,000
- Eliminates 60 percent of School General Fund Levy through state-paid Property Tax Replacement Credit
- Increases Homestead Credit from 4 percent to 20 percent
- Establishes new 20 percent Property Tax Replacement Credit on all individual and business real property

# Economic development for Indiana

House Bill 1001 assists economic development across Indiana, and it couldn't come at a better time. In recent years Indiana has lost more manufacturing, retail and service jobs than anywhere else in the United States, and that certainly has had a negative economic impact in our state.

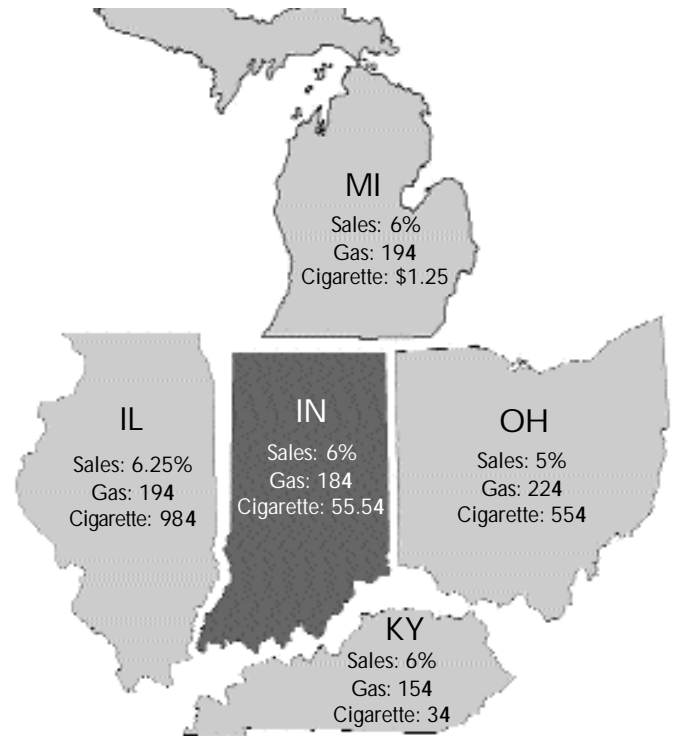
How do we create more jobs for Hoosiers? We must create an environment where businesses will want to come to Indiana, and where existing companies will want to expand their operations.

House Bill 1001 addresses these concerns in several ways:

- It eliminates the unpopular inventory tax over a five-year period. Indiana is one of the few states in the country that still enacts this penalty on businesses.
  - It also removes both the corporate gross income tax and the corporate supplemental net income tax. It replaces these taxes with a tax on a company's adjusted gross income.
- Restructuring the tax burden for employers is only one part of the puzzle. We also must help companies by creating an environment where they can take advantage of the cutting edge technology that enables our state to be competitive in a changing global economy. Several provisions in House Bill 1001 help achieve this goal:
- It allocates tax credits to companies that provide venture capital to startup firms.
  - It doubles the state's research and development tax credit to 10 percent.
  - It provides \$30 million for the 21st Century Research and Technology Fund for 2003 and 2004.

The impact of these changes will be felt in the years to come. Business owners will think twice about relocating to another state. Companies will find an economic profile dedicated to creating well-paying jobs. They will be even more inclined to take advantage of the Hoosier work ethic that has made us the envy of other states. With the provisions for economic development in House Bill 1001, Indiana is back on track.

## How does Indiana rank with its neighbors?



*Data from the Federation of Tax Administrators*

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